

REPORTS ANALYSIS DIVISION REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: October 14, 2010

ANALYST: Chris Jones

- I. COMMITTEE: Friends of Sharron Angle
C00460758
Alan B. Mills, Treasurer
P.O. Box 33058
Reno, NV 89533
- II. RELEVANT STATUTE: 2 U.S.C. § 434(b)
11 CFR § 104.3(b)
11 CFR § 104.3(d)

III. BACKGROUND:

Failure to Provide Supporting Schedules (Failure to Disclose All Financial Activity)

Friends of Sharron Angle ("the Committee") amended its 2009 Year End Report and 2010 April Quarterly Report to disclose additional disbursements and additional debts which were not reported in the original reports (Attachments 2 and 3).

2009 Year End Report

On October 1, 2009, Alan Mills, Treasurer, called the Reports Analysis Division (RAD) Analyst to ask for guidance on how to report activity related to vendor Base Connect (BC), with which the Committee has a contract to perform fundraising services and request contributions on behalf of the Committee. Mr. Mills indicated that BC pays for fundraising expenses out of an escrow account that was originally set up by Mr. Mills. In addition to other guidance, the Analyst advised that the Committee was required to disclose all disbursements made to BC (Attachment 4).

On the same day, Mr. Mills called the RAD Analyst to provide more information on the Committee's relationship with BC. The RAD Analyst informed him that she would do more research and get back to the Committee (Attachment 4).

On October 5, 2009, the RAD Analyst called Mr. Mills and told him that she could not speak to whether or not the Committee's use of the escrow account was acceptable. Among other advice, the Analyst stated that any services and goods received from BC for which BC had not yet been paid should be reported as debts owed by the Committee on Schedule D. Once paid, the debts should be reduced on Schedule D and debt payments should be listed as disbursements on Schedule B (Attachment 4).

On January 29, 2010, the Committee filed the original 2009 Year End Report covering the period of October 1, 2009 through December 31, 2009 (Image 10020083925). This report disclosed \$71,638.42 in disbursements on Line 17 (Operating Expenditures) of the Detailed Summary Page and \$105,644.57 on Line 21 (Other Disbursements) of the Detailed Summary Page (Image 10020083928). The report also disclosed \$0.00 in debts on Line 10 (Debts and Obligations Owed by the Committee) of the Summary Page (Attachment 2, Image 10020083926).

On April 6, 2010, a Request for Additional Information ("RFAI") was sent to the Committee referencing the 2009 Year End Report. Among other items, the RFAI requested clarification regarding the omission of debts that were disclosed on previous reports (Image 10030281512).

On April 16, 2010, the RAD Analyst spoke with Mr. Mills on the phone about the 2009 Year End Report, among other reports. Mr. Mills mentioned that the report was not complete as filed because he was still waiting for information from BC. He indicated that he would amend the 2009 Year End Report and any other necessary reports to add the additional transactions and clarify debt activity. The Analyst mentioned that the Committee might receive RFAs questioning the changes in activity (Attachment 4).

On May 10, 2010, Mr. Mills called the RAD Analyst and explained that the omitted debts referenced in the April 6, 2010 RFAI were entered into the database, yet not displayed correctly on the 2009 Year End Report once printed in the report format.¹ He mentioned that he had contacted the Commission's Electronic Filing Office (EFO) for technical support, and per EFO's request, emailed the Committee's FECFile data file for troubleshooting.² The Analyst advised him to include this information in the Committee's response to the RFAI. In addition, the Analyst stated that she would contact EFO to confirm receipt of the Committee's file (Attachment 4).

On the same day, Mr. Mills called the RAD Analyst and stated that he believed FECFile had moved the debts reported on Line 10 to disbursements on Line 21 (Other Disbursements) on the 2009 Year End Report, among other reports. The Analyst advised Mr. Mills to amend the report to correct the reporting issues. Mr. Mills stated that he was

¹ The Committee uses the Commission's FECFile software as a database only, not to electronically file reports.

² According to phone logs provided by EFO, Mr. Mills contacted EFO on 5/7/10. On 5/25/10, EFO confirmed receipt of the data file. EFO left messages for Mr. Mills on 5/25/10, 5/27/10, and 5/28/10. To date, EFO has had no further communications with the Committee.

unclear on how to report activity on Line 10, and the Analyst reminded him of the advice given on October 5, 2009 (Attachment 4).

On May 10, 2010, the Committee also filed a response to the RFAI sent April 6, 2010. In part, the Committee stated:

"Our information was accurately inputted in our database, but the upload into the FEC report is not faithful to the information input. We are using the FECFile software to build our database and the FECPrint software to print our reports. Friday, May 7, we sent our database by email to TechSupport@NICUSA.com for help. This appears to be a technical problem of one file miss-reading [sic] another. I hope Tech Support at NICUSA can quickly solve this disconnect so that we can move on."
(Image 10020361163)

In addition, regarding the omission of debts that were disclosed on previous reports, the Committee stated:

"During conversation with our FEC analyst we determined how to amend the report to show outstanding debt. The amended report will include Schedule D showing debts and obligations." (Image 10020361163)

On May 25, 2010, the Committee filed an Amended 2009 Year End Report, covering the period of October 1, 2009 through December 31, 2009 (Image 10020380321). The report disclosed \$344,410.19 in disbursements on Line 17 and \$0.00 on Line 21 of the Detailed Summary Page (Image 10020380324). The report also disclosed \$187,968.64 in debts on Line 10 of the Summary Page (Attachment 2, Image 10020380322).

On June 24, 2010, an RFAI was sent to the Committee referencing the 2009 Amended Year End Report, received May 25, 2010. The RFAI requested clarification regarding the substantial increases in both disbursements and debts that were not disclosed on the original 2009 Year End Report filed January 29, 2010 (Image 10030352868).

On August 18, 2010, the RAD Analyst called Mr. Mills to discuss the increase in activity disclosed on the Amended 2009 Year End Report, among other reports. The Analyst indicated that the issue may be referred for further Commission action. Mr. Mills confirmed that the activity was accurately disclosed on the amended report and explained that the increases were due to the Committee not being aware that certain disbursements to vendors needed to be reported. The Analyst advised that the Committee should put further explanation regarding these increases on the public record. Mr. Mills stated that the Committee had hired a consultant to look into the Committee's records and that the Analyst may want to speak with him. The Analyst agreed (Attachment 4).

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On the same day, Paul Kilgore, Committee Consultant, called to inform the RAD Analyst that he had taken over FEC compliance for the Committee. The Analyst noted the increase in activity reported on the Amended 2009 Year End Report, among other reports. Mr. Kilgore said that he was not aware of the RFAI sent to the Committee on June 24, 2010, among other RFAIs. The Analyst explained how he could view the RFAI on the Commission's website. Mr. Kilgore mentioned he was already in the process of auditing the Committee's databases and was planning on filing a finalized amendment for the 2009 Year End Report, among other amendments, in the very near future (Attachment 4).

On August 31, 2010, the RAD Analyst called Mr. Kilgore to inquire about the amendment for the 2009 Year End Report, among other amendments. Mr. Kilgore said the amendments were complete and would be mailed that afternoon (Attachment 4).

On September 1, 2010, the Committee filed an Amended 2009 Year End Report, covering October 1, 2009 through December 31, 2009 (Image 10020642083). The report disclosed the same amount of disbursements as the Amended 2009 Year End Report filed May 25, 2010 (Attachment 2, Image 10020642086). The report disclosed \$137,621.79 in debts on Line 10 of the Summary Page, a decrease in the amount of debts from the Amended 2009 Year End Report filed May 25, 2010 (Attachment 2, Image 10020642084).

2010 April Quarterly Report

On October 1, 2009, Alan Mills, Treasurer, called the Reports Analysis Division (RAD) Analyst to ask for guidance on how to report activity related to vendor Base Connect (BC), with which the Committee has a contract to perform fundraising services and request contributions on behalf of the Committee. Mr. Mills indicated that BC pays for fundraising expenses out of an escrow account that was originally set up by Mr. Mills. In addition to other guidance, the Analyst advised that the Committee was required to disclose all disbursements made to BC (Attachment 4).

On the same day, Mr. Mills called the RAD Analyst to provide more information on the Committee's relationship with BC. The RAD Analyst informed him that she would do more research and get back to the Committee (Attachment 4).

On October 5, 2009, the RAD Analyst called Mr. Mills and told him that she could not speak to whether or not the Committee's use of the escrow account was acceptable. Among other advice, the Analyst mentioned that any services and goods received from BC for which BC had not yet been paid should be reported as debts owed by the Committee on Schedule D, and once paid, the debts should be reduced on Schedule D and debt payments listed as disbursements on Schedule B (Attachment 4). On April 15, 2010, the Committee filed the original 2010 April Quarterly Report, covering the period of January 1, 2010 through March 31, 2010 (Image 10020302781). The report disclosed \$78,595.78 in disbursements on Line 17 (Operating Expenditures) of the Detailed Summary Page (Image 10020302784). The report also disclosed \$0.00 in

debts on Line 10 (Debts and Obligations Owed by the Committee) of the Summary Page (Attachment 3, Image 10020302782).

On April 16, 2010, the RAD Analyst spoke with Mr. Mills on the phone about the 2010 April Quarterly Report, among other reports. Mr. Mills mentioned that the report was not complete as filed because he was still waiting for information from Base Connect (BC). He indicated that he would amend the 2010 April Quarterly Report and any other necessary reports to add the additional transactions and clarify debt activity. The Analyst advised that the Committee might receive RFAs questioning the changes in activity (Attachment 4).

On May 10, 2010, Mr. Mills called the RAD Analyst and explained that the omitted debts on the 2010 April Quarterly Report were accurately entered into the database, yet not displayed correctly on the 2010 April Quarterly Report once printed in the report format. He said that he had contacted the Commission's Electronic Filing Office (EFO) for technical support, and per EFO's request, emailed the Committee's FECFile data file for troubleshooting. The Analyst advised him to include this information in the Committee's response to the RFA. In addition, the Analyst stated that she would contact EFO to confirm receipt of the Committee's file (Attachment 4).

On the same day, Mr. Mills called the RAD Analyst and among other issues, mentioned that he was unclear on how to report activity on Line 10. The Analyst reminded him of the advice given on October 5, 2009 (Attachment 4).

On May 26, 2010, the Committee filed an Amended 2010 April Quarterly Report, covering January 1, 2010 through March 31, 2010 (Image 10020380597). The report disclosed \$348,948.06 in disbursements on Line 17 of the Detailed Summary Page (Image 10020380601). The report also disclosed \$280,719.02 in debts on Line 10 of the Summary Page (Attachment 3, Image 10020380599).

On June 24, 2010, an RFA was sent to the Committee referencing the Amended 2010 April Quarterly Report, received May 26, 2010. Among other items, the RFA requested clarification regarding the omission of debts that were disclosed on previous reports and the substantial increases in both disbursements and debts that were not disclosed on the original 2010 April Quarterly Report (Image 10030352871).

On August 18, 2010, the RAD Analyst called and left a message requesting that Mr. Mills return the Analyst's phone call. On the same day, Mr. Mills returned the call and the Analyst discussed the increase in activity disclosed on the Amended 2010 April Quarterly Report, among other reports. The Analyst noted that the issue might be referred for further action. Mr. Mills confirmed that the increases in activity were accurately disclosed and explained that the increases were due to the Committee not being aware that certain disbursements to vendors had to be reported. The Analyst advised that the Committee should put any further explanation regarding these increases on the public record. Mr. Mills stated that the Committee had hired a consultant to look

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On August 31, 2010, the RAD Analyst called Mr. Kilgore to inquire about the amendment for the 2010 April Quarterly Report, among other amendments. Mr. Kilgore said the amendments were complete and would be mailed that afternoon (Attachment 4).

On September 1, 2010, the Committee filed an Amended 2010 April Quarterly Report, covering January 1, 2010 through March 31, 2010 (Image 10020642494). The report disclosed \$348,948.06 in disbursements on Line 17 (Attachment 3, Image 10020642497). The report also disclosed \$167,207.96 in debts on Line 10 of the Summary Page (Attachment 3, Image 10020642495).

To date, no further communication has been received from the Committee regarding this matter.

O-Index

O-Index (2009-2010)														
Cmte. ID: C00460758 Cmte. Name: FRIENDS OF SHARRON ANGLE														
Treasurer Name: ALAN B MILLS Address: PO BOX 33058, RENO, NV 89533-3058														
Cmte. Type: S (SENATE) Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE) Filing Frequency: QUARTERLY FILER														
Form Tp	Rpt Tp	All	Receipt Dt	Pgs	Begin Lmg	3cg Cvg Dt	3cg Cvg Dt	1st Mail C	Repts	Disb	End Cash	Debits	Loans	Debits & Loans
R02	Q3	A	6/24/2010	3	10030352865	7/1/2009	9/30/2009	6/24/2010	-	-	-	-	-	-
R02	Q3	N	12/8/2009	7	20030200431	7/1/2009	9/30/2009	12/8/2009	-	-	-	-	-	-
R02	YE	N	4/8/2010	4	10030281512	10/1/2009	12/31/2009	4/8/2010	-	-	-	-	-	-
R02	YE	A	6/24/2010	3	10030352868	10/1/2009	12/31/2009	6/24/2010	-	-	-	-	-	-
R02	Q1	A	6/24/2010	6	10030352871	1/1/2010	3/31/2010	6/24/2010	-	-	-	-	-	-
R02	Q2	N	7/13/2010	5	10030354525	4/1/2010	5/19/2010	7/13/2010	-	-	-	-	-	-
F3	Q2	N	7/15/2009	24	20020281953	4/1/2009	6/30/2009		\$35,217	\$19,026	\$16,180	\$119,307	\$0	\$119,310
F3	Q3	N	11/25/2009	71	20020372431	7/1/2009	9/30/2009		\$180,751	\$120,856	\$76,085	\$119,307	\$0	\$119,310
F3	Q3	A	1/12/2010	12	10020302024	7/1/2009	9/30/2009		\$0	\$0	\$0	\$119,307	\$0	\$119,310
F3	Q3	A	5/27/2010	512	10020374085	7/1/2009	9/30/2009		\$178,083	\$120,886	\$73,377	\$376,921	\$0	\$138,310
F3	Q3	A	9/12/2010	79	10020642004	7/1/2009	9/30/2009		\$178,083	\$120,886	\$73,377	\$389,325	\$0	\$131,711
F3	YE	N	1/29/2010	38	10020083825	10/1/2009	12/31/2009		\$368,941	\$177,327	\$145,720	\$0	\$0	\$0
F3	YE	A	5/10/2010	6	10020361163	10/1/2009	12/31/2009		\$0	\$0	\$0	\$0	\$0	\$0
F3	YE	A	5/25/2010	134	10020643032	10/1/2009	12/31/2009		\$376,541	\$344,410	\$105,508	\$187,964	\$0	\$187,968
F3	YE	A	9/12/2010	147	10020642083	10/1/2009	12/31/2009		\$371,541	\$344,410	\$100,508	\$325,585	\$0	\$137,621
F3	Q1	N	5/15/2010	18	10020302718	1/1/2010	3/31/2010		\$383,421	\$145,720	\$430,545	\$0	\$0	\$0
F3	Q1	A	5/28/2010	225	10020380597	1/1/2010	3/31/2010		\$363,421	\$105,508	\$119,982	\$280,714	\$0	\$280,719
F3	Q1	A	5/28/2010	225	10020380597	1/1/2010	3/31/2010		\$363,421	\$105,508	\$119,982	\$447,921	\$0	\$167,207
F3	12P	N	5/25/2010	202	10020382285	4/1/2010	5/19/2010		\$363,421	\$348,948	\$114,982	\$170,614	\$0	\$170,619
F3	12P	N	5/25/2010	202	10020382285	4/1/2010	5/19/2010		\$298,554	\$279,927	\$136,609	\$341,228	\$0	\$170,619
F3	12P	A	9/12/2010	284	10020642230	4/1/2010	5/19/2010		\$300,954	\$288,920	\$132,016	\$341,232	\$0	\$170,618
F3	Q2	N	7/15/2010	384	10020523074	5/20/2010	6/30/2010		\$300,954	\$114,982	\$127,016	\$0	\$0	\$0
F3	Q2	A	9/12/2010	1117	10020642775	5/20/2010	6/30/2010		\$2,282,428	\$656,773	\$1,767,671	\$0	\$0	\$0
F3	Q2	N	4/8/2009	7	20020143371				\$2,289,428	\$663,773	\$1,762,671	\$0	\$0	\$0
F2		N	4/8/2009	4	20020143367				-	-	-	-	-	-
F6		N	6/10/2010	12	10020402671				-	-	-	-	-	-
F6		N	6/3/2010	8	10020402048				-	-	-	-	-	-
F6		N	6/3/2010	12	10020402515				-	-	-	-	-	-
F1		A	7/20/2010	8	10020574459				-	-	-	-	-	-
F1		A	8/3/2010	9	10020602893				-	-	-	-	-	-
F1		A	8/19/2010	10	10020623098				-	-	-	-	-	-
Totals										\$3,548,644	\$1,785,973			

No records were found for this cycle.

Form	Tp	Rpt	Tp	All	Recpt	Dt	Pgs	Begin	Img#	Begin	Cvg	Dt	End	Cvg	Dt	Ltr	Mail	Dt	Begin	Cash	Recpts	Disb	End	Cash	Debits	Loans	Debits & Loans											
O-Index (2007-2008)																																						
Cmte. ID: C00460758														Cmte. Name: FRIENDS OF SHARRON ANGLE																								
Treasurer Name: ALAN B MILLS														Address: PO BOX 33058, RENO, NV 89533-3058																								
Cmte. Type: S (SENATE)														Cmte. Designation: P (PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE)															Filing Frequency: QUARTERLY FILER									
No records were found for this cycle.																																						
O-In-ex (2005-2006)																																						
Cmte. ID: C00460758														Cmte. Name: FRIENDS OF SHARRON ANGLE																								
Treasurer Name: ALAN B MILLS														Address: PO BOX 33058, RENO, NV 89533-3058																								
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Form	Tp	Rpt	Tp	All	Recpt	Dt	Pgs	Begin	Img#	Begin	Cvg	Dt	End	Cvg	Dt	Ltr	Mail	Dt	Begin	Cash	Recpts	Disb	End	Cash	Debits	Loans	Debits & Loans											

No records were found for this cycle.

Friends of Sharron Angle (C00460758)
2009 Year End Report/Amended 2009 Year End Reports

Overview of Additional Disbursements

Report Line	Original 2009 Year End Report (Image 10020083925)	Amended 2009 Year End Report, received 5/25/10 (Image 10020380321)	Amended 2009 Year End Report, received 9/1/10 (Image 10020642083)	Disbursement Variance Amount
Line 17: Operating Expenditures	\$71,683.42	\$344,410.19	\$344,410.29	\$272,726.87
Line 21: Other Disbursements	\$105,644.57	\$0.00	\$0.00	-\$105,644.57
Total	\$177,327.99	\$344,410.19	\$344,410.29	\$167,082.40

Overview of Additional Debts

Report Line	Original 2009 Year End Report (Image 10020083925)	Amended 2009 Year End Report, received 5/25/10 (Image 10020380321)	Amended 2009 Year End Report, received 9/1/10 (Image 10020642083)	Debt Variance Amount
Line 10: Debts and Obligations Owed by the Committee	\$0.00	\$187,968.64	\$137,621.79	\$137,621.79

Friends of Sharron Angle (C00460758)
2010 April Quarterly Report/Amended 2010 April Quarterly Reports

Overview of Additional Disbursements

Report Line	Original 2010 April Quarterly Report (Image 10020302781)	Amended 2010 April Quarterly Report, received 5/26/10 (Image 10020380597)	Amended 2010 April Quarterly Report, received 9/1/10 (Image 10020642494)	Disbursement Variance Amount
Line 17: Operating Expenditures	\$78,595.78	\$348,948.06	\$348,948.06	\$270,352.28

Overview of Additional Debts

Report Line	Original 2010 April Quarterly Report (Image 10020302781)	Amended 2010 April Quarterly Report, received 5/26/10 (Image 10020380597)	Amended 2010 April Quarterly Report, received 9/1/10 (Image 10020642494)	Debt Variance Amount
Line 10: Debts and Obligations Owed by the Committee	\$0.00	\$280,719.02	\$167,207.96	\$167,207.96